IN THE SPECIFICATION

Please amend the first paragraph on page 1 as follows:

This application claims the benefit of U.S. Application No. 09/606,768 filed June 29, 2000 (now U.S. Patent 6,372,257), which claims priority from U.S. provisional Application No. 60/141,386 filed June 29, 1999. This application also claims the benefit of U.S. Application No. 09/377,283 filed March 30, 1999, which claims the benefit of and is a complete application based upon Provisional application Serial No. 60/135,095, which was converted from a non-provisional application Serial No. 09/050,498 filed March 30, 1998, now abandoned. All of these applications are hereby incorporated by reference in their entirety.

Please amend the last paragraph on page 1 which carries over to page 2 as follows:

Various compositions are know which are designed to encourage bone growth. These compositions are generally applied to bone defects or fractures to provide an osteoinductive and osteoconductive environment. Examples include those disclosed in U.S. Patents 5,563,124; 4,642,120; 5,755,792; ~~5,830,693~~5,830,493; and 5,711,957; PCT Patent Publications WO 94/15653; WO 95/13767; WO 98/56433; and WO 97/32591; and European Patent EP 954,466. Additionally, such compositions are available commercially, including demineralized bone matrix compositions such as Grafton® (Osteotech, Eatontown, New Jersey). These compositions generally comprise a porous solid, semisolid, paste or gel material including materials such as gelatin, hyaluronic acid, collagen, amylopectin, demineralized bone matrix, and/or calcium carbonate, to create an osteoconductive environment. The compositions also often include osteoinductive growth factors such as transforming growth factor-β, bone morphogenic protein, or basic fibroblast growth factor. It may be noted that combinations of chitosan with demineralized bone matrix and/or chipped cancellous

bone are unknown. Method for filling bone defects utilizing compositions constituted solely of chitin or chitosan are also unknown.

Please amend the second paragraph on page 14 as follows:

The scaffolding materials in the compositions of the present invention serve to provide direction and a structure for the development of host neovasculature and osteogenic cells. Materials useful for this purpose include hydroxyapatite-chitosan and sulfated -chitosan composites, materials disclosed in U.S. Patents ~~5,839,493~~5,830,493; 5,563,124; 5,755,792; or 5,711,957, DBM, or, preferably, cancellous bone, chitosan, chitosan-protein fibers, or chitin-protein fibers. Cancellous bone may be obtained from any source, including cadavers. When used as a scaffolding material, the cancellous bone is preferably milled to 0.1-1.5mm in its longest diameter. Cancellous bone is used in these compositions for its osteoconductive character due to its physical characteristics as a scaffolding material. It is not known to provide any live cells or osteoinductive growth factors. $CaSO_4$, $CaCO_3$, and other calcium salts can also be formed into crystals, either singly or combined with chitosans, to be used as scaffolding materials. The scaffolding material is utilized in the compositions at 10-50%, preferably 20-40%.